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ABSTRACT

This instructor guide for a unit on business opportunities in the PACE (Program for Acquiring Competence in Entrepreneurship) curriculum includes the full text of the student module and lesson plans, instructional suggestions, and other teacher resources. The competencies that are incorporated into this module are at Level 2 of learning--planning for a business in one's future. Included in the instructor's guide are the following: unit objectives, guidelines for using PACE, lists of teaching suggestions for each unit objective/subobjective, model assessment responses, and overview of the three levels of the PACE program. The student module includes the following: specific objectives, questions supporting the objectives, complete content in the form of answers to the questions, case studies, individual activities, group activities, discussion questions, assessment questions, and list of 10 references. Model assessment responses are provided in the instructor materials. These five objectives are addressed: analyze changes and trends as a source of new business ideas; profile the business composition of the community; discuss major business decisions such as competitive advantages and ownership options; and apply creative thinking to expand options for one's business ideas. (YLB)

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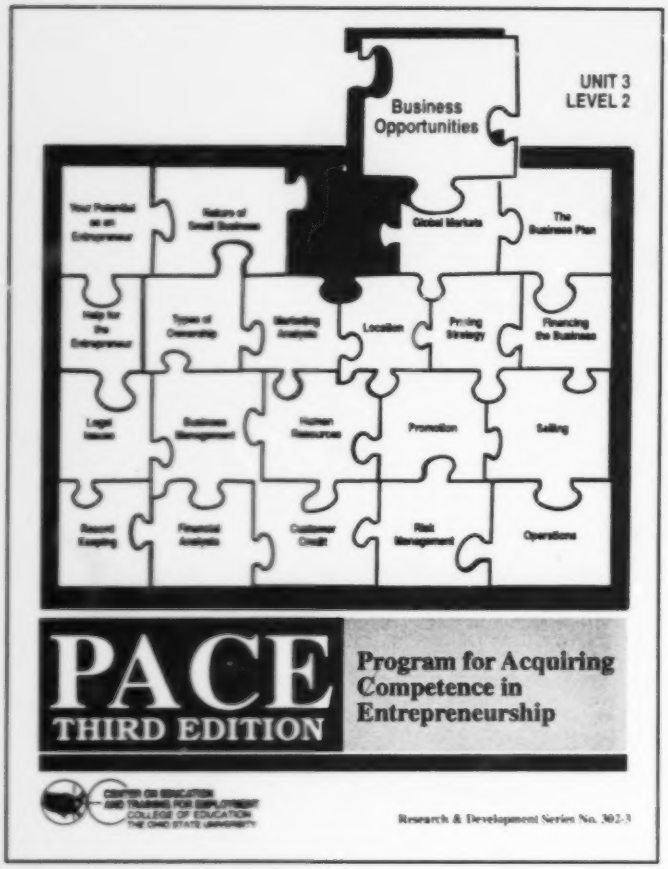

Objectives:

- Analyze changes and trends as a source of new business ideas.
- Profile the business composition of the community.
- Discuss major business decisions such as competitive advantages and ownership options.
- Determine opportunities for a business of your choice.
- Apply creative thinking to expand options for your business ideas.

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INSTRUCTOR GUIDE

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Unit 3

Business Opportunities

Level 2

HOW TO USE PACE

- Use the objectives as a pretest. If a student is able to meet the objectives, ask him or her to read and respond to the assessment questions in the back of the module.
- Duplicate the glossary from the *Resource Guide* to use as a handout.
- Use the teaching outlines provided in the *Instructor Guide* for assistance in focusing your teaching delivery. The left side of each outline page lists objectives with the corresponding headings (margin questions) from the unit. Space is provided for you to add your own suggestions. Try to increase student involvement in as many ways as possible to foster an interactive learning process.
- When your students are ready to do the *Activities*, assist them in selecting those that you feel would be the most beneficial to their growth in entrepreneurship.
- Assess your students on the unit content when they indicate they are ready. You may choose written or verbal assessments according to the situation. Model responses are provided for each module of each unit. While these are suggested responses, others may be equally valid.

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Objectives	Teaching Suggestions
1. ANALYZE CHANGES AND TRENDS AS A SOURCE OF NEW BUSINESS IDEAS	
How do trends in the business environment create business opportunities?	Ask the class to identify new business opportunities of today which did not exist forty to fifty years ago. Discuss market changes.
2. PROFILE THE BUSINESS COMPOSITION OF THE COMMUNITY	
What is the business composition of your community?	Ask a local radio station marketing manager or newspaper sales representative to talk to the class about their target market.
What do you need to know about your community?	Put together several sets of written material about the local community. Information may be obtained from the Chamber of Commerce and county offices. Divide the class into small groups and give each group a set of materials. Ask the team members to answer questions under an area of particular interest in this section. Teams should report their findings to the class.
3. DISCUSS MAJOR BUSINESS DECISIONS SUCH AS COMPETITIVE ADVANTAGE AND OWNERSHIP OPTIONS	
What are some of the important decisions I must make when starting a new business?	Briefly, review the considerations of starting a business.
What is your competitive advantage?	Name a number of successful local businesses, and ask students to identify their competitive advantages.
How can I reduce my business ownership risk?	Ask a local franchise manager to talk to the class about starting a franchise business. Be sure they discuss the relationship between the franchisee and the franchisor.
What are some of the legal forms a new business might take?	Describe various business situations and ask the class to explain which form of ownership would be best in each of the situations.
4. DETERMINE OPPORTUNITIES FOR A BUSINESS OF YOUR CHOICE	
How do you conduct a customer analysis?	Ask students to identify the target markets for several successful local businesses. You may want to tie this discussion to the above discussion on competitive advantages. Identify a fictitious new business and have students use materials from the Chamber of Commerce, etc. to determine the size of the market.

Objectives	Teaching Suggestions
How do you conduct a competitive analysis?	Discuss a competitive market in your area. Identify major competitors, their target markets, and their competitive advantages. Can you identify any target markets in this field with unmet needs?
How do you do a SWOT analysis?	Do a SWOT analysis for a local business. Do a SWOT analysis for a new business proposed by students.
5. APPLY CREATIVE THINKING TO EXPAND OPTIONS FOR YOUR BUSINESS IDEAS	
How can you use creative thinking to generate new business ideas?	Discuss the steps of creative thinking.
How can you stretch your creative imagination?	Conduct the dictionary word exercise involves the entire class. Write key free association words on the board. Generate a new business idea. Conduct the product/service attribute exercise. Write primary attributes and their suggested variations on the board. Generate a new business idea.

MODEL ASSESSMENT RESPONSES

1. An increased number of dual career families has created a demand for numerous services such as day care, elder care, lawn care, and housekeeping services.

2. Population demographics — age and income brackets for the population

   Employment — major employers, unemployment rate

   Real Estate — anticipated new developments, average cost of housing

   Transportation — anticipated changes in the transportation system, access to and service routes of public transportation

   Leisure — common leisure activities

3. Target market — a group of individuals for whom a product or service uniquely satisfies their needs. The individuals in a target market share certain demographic and/or psychographic characteristics. The target market for Leaps and Bounds, a family entertainment center, is middle and upper middle class families with young children.

   Competitive Advantage — the way in which a product or service is superior for a particular target market. McDonald restaurants that have play yards have a competitive advantage for families with young children over fast food restaurants which do not have play yards.

4. Sole Proprietor A - easy to start, maximum control
   D - maximum liability

Partnership	A - involves two or more people, more expertise and financial resources D - partners are liable for each other
Limited Partnership	A - Financial resources of two or more partners, limit liability for limited partner D - Only protect limited partner from liability, limited partner does not contribute expertise to the business
Incorporation	A - Greatly reduces personal liability of entrepreneurs D - Greatly increases taxation and record keeping
S - corporation	A - Reduces taxation over incorporation D - Number of stock holders is restricted

5. Customer Analysis — review demographic information to determine target market size. Interview customers who are representative of the target market to determine usage rates and desirable features and benefits.

   Competitive Analysis — discuss with customers who represent the target market the competitors strengths and weaknesses. Visit competitor and evaluate their strengths and weaknesses.

6. S — Strengths of company
   W — Weaknesses of company
   O — Opportunities in the environment
   T — Threats in the environment

PACE THIRD EDITION

Program for Acquiring Competence in Entrepreneurship

Incorporates the needed competencies for creating and operating a small business at three levels of learning, with experiences and outcomes becoming progressively more advanced.

Level 1 — Understanding the creation and operation of a business.
Level 2 — Planning for a business in your future.
Level 3 — Starting and managing your own business.

Self-contained **Student Modules** include: specific objectives, questions supporting the objectives, complete content in form of answers to the questions, case studies, individual activities, group activities, module assessment references. **Instructor Guides** include the full text of each student module and lesson plans, instructional suggestions, and other resources. **PACE, Third Edition, Resource Guide** includes teaching strategies, references, glossary of terms, and a directory of entrepreneurship assistance organizations.

For information on PACE or to order, contact the Publications Department at the
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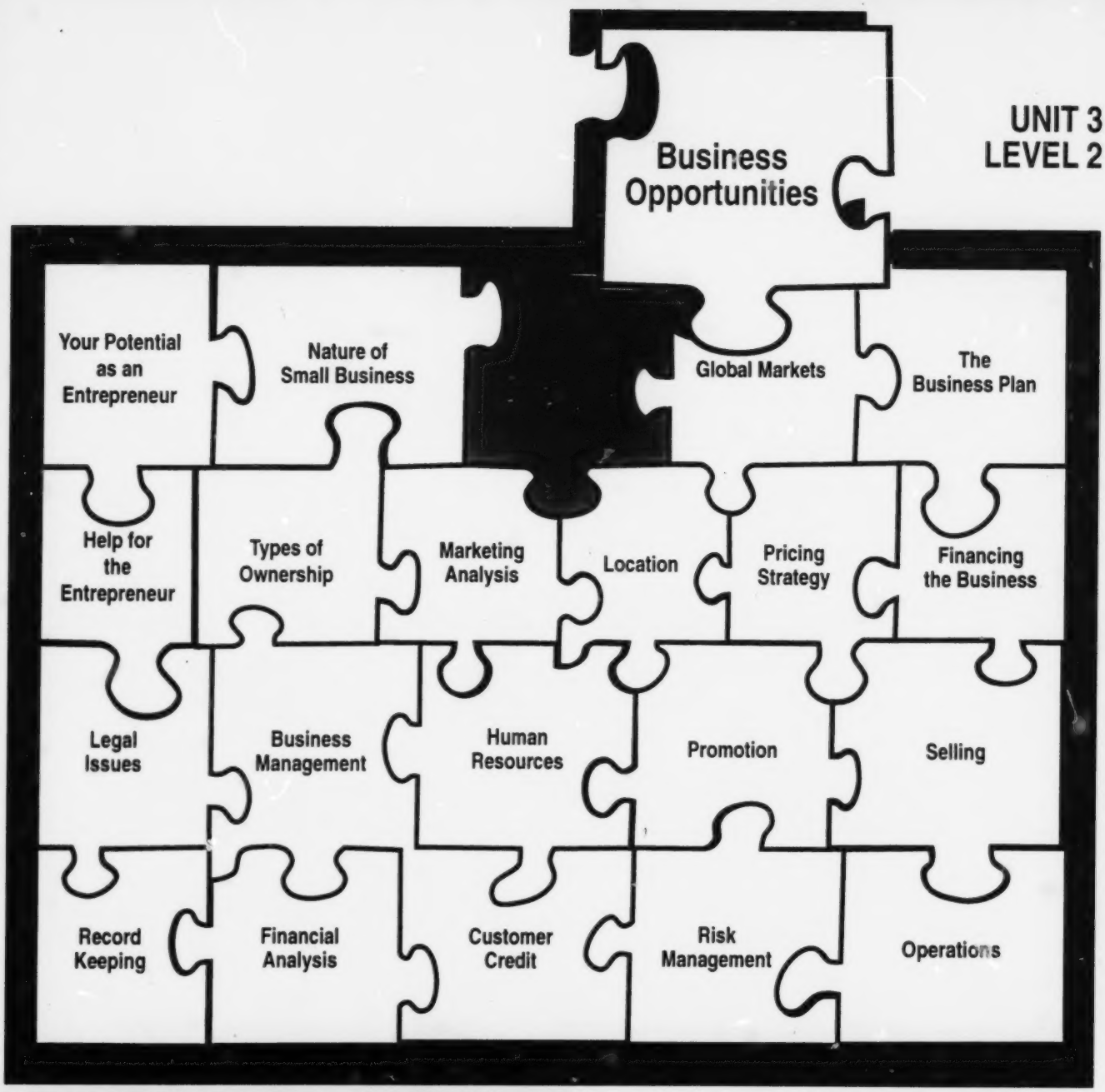

PACE
THIRD EDITION

Program for Acquiring Competence in Entrepreneurship

CENTER ON EDUCATION AND TRAINING FOR EMPLOYMENT
COLLEGE OF EDUCATION
THE OHIO STATE UNIVERSITY

Research & Development Series No. 302-3

BUSINESS OPPORTUNITIES

BEFORE YOU BEGIN . . .

1. Consult the *Resource Guide* for instructions if this is your first PACE unit.

2. Read What are the Objectives of this Unit on the following page. If you think you can meet these objectives now, consult your instructor.

3. These objectives were met in Level 1:

   - Describe the factors that should be considered when starting a business.
   - Identify the trends and changes occurring in the business environment.
   - Discuss new technological changes that are occurring in potential career areas.
   - Define the process of creativity.
   - Complete a list of small business ideas related to a career area.
   - Create a new business idea.

4. Look for these business terms as you read this unit. If you need help with the meanings, ask your instructor for a copy of the PACE Glossary contained in the *Resource Guide*.

Competitive advantage	S-corporation
Franchise	Sole proprietor
Incorporation	SWOT
Inventive	Value added
Limited partnership	Virtual offices
Partnership	Window of opportunity

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BUSINESS OPPORTUNITIES

WHAT ARE THE OBJECTIVES OF THIS UNIT?

Upon completion of this unit you will be able to—

- analyze changes and trends as a source of new business ideas,
- profile the business composition of the community,
- discuss major business decisions such as competitive advantage and ownership options,
- determine opportunities for a business of your choice, and
- apply creative thinking to expand options for your business ideas.

WHAT IS THIS UNIT ABOUT?

Where are the business opportunities? What kinds of new businesses does your community need? What are some of the options for starting a new business? How do you determine whether a new business will be successful? How can you generate new business ideas? This unit will help you answer these and many other questions related to new business opportunities.

HOW DO TRENDS IN THE BUSINESS ENVIRONMENT CREATE BUSINESS OPPORTUNITIES?

The only thing that is certain in the business environment is change itself. Shifts in the marketplace create unmet consumer needs. New businesses spring up to fill these unmet consumer needs. Let's think about some of the new products and services that were created to meet consumer needs.

Think about middle class family life when your parents were children. When women had young children, they usually did not work outside the home. This meant that

they had time to bake from scratch and do all of the housekeeping themselves. Of course, they did not need day-care services. Many families got by with just one car because two people weren't driving to work.

Since only one income was supporting the entire family, there was not much money for luxury items. Family entertainment meant a visit with relatives or a visit to the park. The family rarely ate at a restaurant. Your parents' mother and father were more likely to mend and repair their clothing, cars, appliances, and their home themselves.

Today, most married women work outside the home. In the average middle class household, most meals include frozen or prepared foods. Day care, housekeeping services, lawn care services are all in demand. Dual career families usually maintain two cars. The woman takes her car to the gas station and to the service station herself.

Two income families have more money to spend, and less time to spend it in. The modern family eats out more often. Eating out is not a big event. Since they have less time together, families want to maximize their fun time. Hence, the advent of the family entertainment center. Parents, who have more money than time are likely to spend more on their children.

Now, think about changes in the office setting. The very existence of many businesses depends on increasingly efficient communication and information systems. The manual typewriter has been replaced by a personal computer. Personal computers now handle as much information as room size computers did in the 1940s. Even a small business owner can accurately track sales, inventory and employee benefits/wages. Fax machines make it possible to send written material in minutes rather than in days by mail. Cellular phones make it possible to access customers and suppliers anytime, any place.

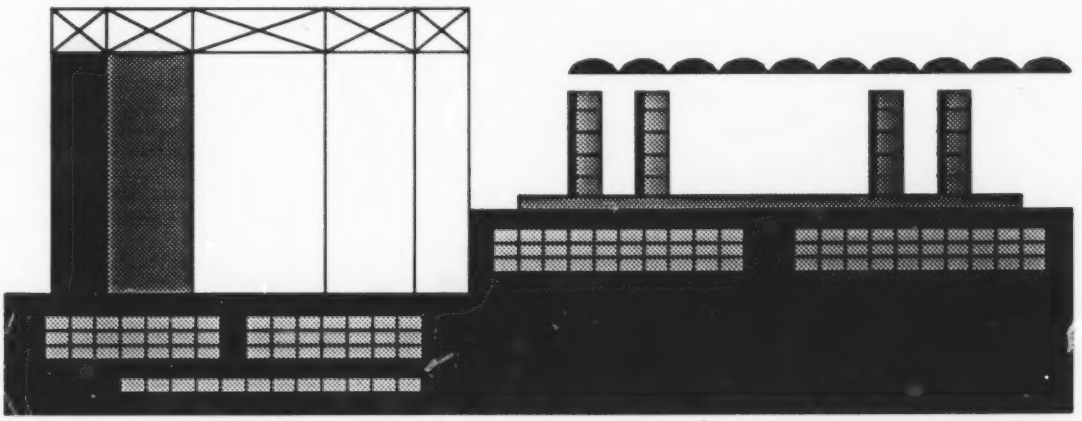
Another major change in the office place is the diversity in the work force. Offices which were once the domain of caucasian males are now multicultural. In an effort to stay in touch with their employees, firms have expanded their human resource departments. As women enter the work force, there is increased demand for time flexibility. Due to the diversity of the background of the employees and the increasing technical nature of many jobs, on-the-job training is very important.

Our market is no longer an American market but a world market. Americans want more selection and higher quality for less money. The first Ford automobiles were all American except for the tires. Ford was frustrated by the fact that he had to import rubber. So, he tried to grow rubber trees in Florida; this experiment failed. However, a 100 percent American Ford was manufactured with the advent of synthetic rubber. The last 100 percent American Ford rolled off the assembly line in 1960. Ford changed their policy to buying auto parts from the country that offered the best value. Today, most American automobiles are truly world cars. They have parts from Taiwan, China, and Latin America. This trend is reflected in many different kinds of consumer goods such as clothing, computers, and microwaves.

Changes in technology can cause changes in market demand. Easy access to computers is expected to lead to a change in the office structure itself. More employees will work at home. Liquid crystals are now used in

thermometers and jewelry. The VCR market has grown rapidly and matured since the 1980s. Compact Disc (CD) players have taken over the stereo market.

To take advantage of these shifts in the market, the entrepreneur must first note the change in consumer demand. Then, he or she must develop services or products that meet these needs.



WHAT IS THE BUSINESS COMPOSITION OF YOUR COMMUNITY?

Your community is unique. The business environment in your community may or may not reflect national trends. To be successful as an entrepreneur, you must completely understand the unmet consumer needs in your market.

How do you find out more about your local community? There are a number of sources of information. Start by contacting your local Chamber of Commerce and county zoning, real estate assessment, and auditor's offices. You may also want to contact local radio stations and newspapers. These media agencies often have a lot of demographic information about their subscribers and the area they serve.

WHAT DO YOU NEED TO KNOW ABOUT YOUR COMMUNITY?

The answer to this question really depends on the kind of business in which you are interested. Here is a list of some of basic questions you might want to answer.

Population demographics. Has the total population increased or decreased in the last few years? Has the racial mix changed? What is the age distribution of the population? What is the average family income? Has the average family income increased or decreased? What percentage of the population is in each of the income brackets? Has

this changed recently? What is the educational level of the population? What is the average family size? Has family size increased or decreased?

Employment. What is the average annual rate of unemployment? Who are the top 10 or 20 employers in the area? What do they produce? How many employees do they have, and what is their annual payroll? Where are these major employers located? Have there been any significant changes (losses or additions) to this list of major employers? In terms of percentages, how does the work force fit into the following sectors: agriculture/forestry/mining, construction, manufacturing, transportation and public utilities, wholesale trade, retail trade, finance, insurance and real estate and service. What percentage of the women work? Has this changed in the last few years?

Real estate. What percentage of the population own their own home? What percentage of the population live in multiple family units verses single family units? What is the average cost of a 1,800 square foot (or typical) home? Where will the new housing units be built? (Hint: look at building permits). What is the average cost of the housing by zip code or geographic area?

Transportation. How does transportation help or hinder local business? How good are the highways? How well does your local airport service the community? Are any changes in local transportation anticipated? What is the availability and routing for buses and other forms of public transportation?

Leisure. What do people in the area like to do with their leisure time? What types or recreational facilities are available? What hobbies seem to be popular in the area?

General. Where do people shop in your community? How does the cost of living in your community compare to the cost of living in other communities? What is the total land area of your community?

After answering these questions, ask yourself what do the residents of my community want that they don't have now? Why isn't this product or service available? Could I provide this product or service?

WHAT DECISIONS DOES THE ENTREPRENEUR MAKE WHEN STARTING A BUSINESS?

There are almost as many ways to start a business as businesses themselves. However, there are a few basic decisions that every new business owner must make.

In level 1 of *Business Opportunities*, some of the factors that should be considered when starting a new business were discussed. These included interests and abilities, as well as market demand. In addition, you need to consider what your time and financial resource commitment will be. Do you want to work full-time or part-time? In addition, you need to consider the staffing and equipment needs. Who do you plan to hire, and what salary/benefits package will you offer? Will you have to purchase any major pieces of equipment? If so, how much will equipment cost? Location is another important factor. Do you need to be located near your target market, or a major freeway? Will you buy or rent the facility?

These are some of the basic factors to consider when starting a business. Now, let's go a step further and consider some other major decisions.

WHAT IS YOUR COMPETITIVE ADVANTAGE?

If you are starting a new business in a competitive market, it is not good enough to be like everyone else. You must have a **competitive advantage**. Your competitive advantage is what you do better than your competitors. This competitive advantage should appeal to your particular market. For example, *McDonalds* appeals to families with young children by offering kids meals and play yards. Note, that a business may have a number of competitive advantages. Referring back to *McDonalds*, competitive advantages also include fast-food, consistent quality, and clean facilities. There are numerous ways to differentiate a product or service. The key is to end up with the product or service that is **most** desired by the target market.

You may offer **value added** to an existing product or service. For example, you might offer a product in a multitude of colors, or in a more convenient package. Other possible ways of differentiating your product with a value-added strategy include unusual decor, improved services, or a superior location.

Taking a more **inventive** approach, you may offer an entirely new product or service. This innovative product or service might be a combination of existing products or services. For example, the telephone and tape recorder were combined to make an automatic answering machine. Your invention might be a new and unusual application of an old product. The "Slinky" was invented by Richard and Betty James. Richard, a marine engineer, observed a torsion spring fall or "walk" down a shelf to the floor. He spent the next 2 years developing the right tension to allow the spring to walk every time. The James' patented their new toy and named it "Slinky" because it aptly described its motion. The "Slinky" has become a classic toy, easily identified by almost every American child.

HOW CAN I REDUCE MY BUSINESS OWNERSHIP RISKS?

Starting a new business always involves substantial risk. If your product or service is very innovative, there may be no other similar businesses. In this case, you are forced to start from scratch to develop your business. However, if your product or service is similar to others on the market, you may be able to purchase a business and modify it to meet your needs. If you purchase an existing successful business, you may be able to build on their former customer base. In addition, the former business will have established tried-and-tested business practices.

Purchasing a **franchise** is another way to reduce risk. Franchises exist in many different industries, from printing to fast-food. The franchisee purchases the right to operate a franchise from the parent corporation. The franchisee agrees to follow corporate policies and procedures. In exchange, the franchisee is given the right to use the corporate name.

Often, they also receive training and promotional assistance. Since the parent corporation has a well-established name and operational policies and procedures, the franchisee is able to reduce their start-up risk.

Having more than one person involved in the business offers a larger capital and technical resource pool from which a business can operate. The disadvantage is that the partners are liable for each other. If one partner

WHAT ARE SOME OF THE LEGAL FORMS A NEW BUSINESS MIGHT TAKE?

There are a number of legal forms a business may take. Your choice may depend on the amount or risk you wish to assume and your tax structure.

Sole proprietor. This is the easiest type of business to start. It is easy to go into and out of business under this form of business ownership. The disadvantage of this business type is that you are responsible and liable for everything.

Partnership. In a general partnership, two or more individuals will start a business.

makes a financial mistake, the other partner is equally responsible for the mistake.

Limited partnership. This is a partnership where one or more partner is investing in the business but is totally removed from the daily operation or responsibilities of the business. If a problem should arise, the limited partner is not legally responsible as long as he or she does not participate in the business.

Incorporation. This form of business ownership limits the liability of the owner. The owner's personal property is somewhat protected from legal liability. The corporation will continue to exist after the death of the owner. It becomes a legal entity. It is usually easier to acquire capital in this form of business. Some of the disadvantages are

that incorporated businesses are closely regulated as well as expensive to organize. They must have a charter and keep extensive records. A major disadvantage is that income from an incorporated business is taxed once as business income and again as the owner's income.

S-corporation. The main advantage of this form of incorporation is that the profits are passed through to the individual. The actual annual IRS tax form is merely an informative form that shows that the amount that will be transposed to the individuals 1040 tax form. The limitation to this type of ownership is that the number of stock holders is restricted.

HOW CAN YOU DETERMINE OPPORTUNITIES FOR A BUSINESS OF YOUR CHOICE?

Once you have decided what type of business you want to go into, you need to determine the potential for that business. You need to find out who your customers and competitors are. Then, you can analyze your business opportunities using SWOT analysis (to be explained later).

HOW DO YOU CONDUCT A CUSTOMER ANALYSIS

First, define your **target market**. The market for your product or service is everybody who might buy it. Certainly, no entrepreneur is going to turn away a paying customer. On the other hand, a specialized product or service can not be designed to satisfy everyone's needs. A **target market** is that group of individuals for whom your product or service uniquely satisfies their needs. The individuals within a target market share certain demographic and/or psychographic characteristics. These days even milk is sold to particular target markets. Skim milk is sold to dieters, chocolate and whole milk are sold to families with children, and lactate free milk is sold to those who are allergic to lactate.

Next, try to get a feeling for how large your target market is. You will need to refer to some of the demographic data gathered when analyzing your local community. If you are using some psychological variables to define your target market, you may need to "guesstimate" some percentages.

For example, supposing you want to open a boutique to sell high fashion clothing to young career women. First, you might determine what percentage of the population is between the ages of 18 and 24. Suppose this is 15 percent. Divide this number in half (7.5 percent) because you are only interested in the female population. Since your line of clothing will be moderately expensive, you may next note what percentage of the population has a family income above $20,000. Suppose this is 75 percent. Multiplying 7.5 percent times 75 percent, you find that approximately 5.6 percent of the population have the right age and income. Now, ask yourself what percentage of the career women age 18 to 24 are interested in high fashion? If you guesstimate 50 percent, then your target market population is 2.8 percent of the total population. If you have a total population of 200,000, you have a target population of 5,600. But, not all of your target population will buy at your store. Let's guess 50 percent of the population

might spend $50.00 or more per year at your store. Would your store be successful if it grossed $140,000? That depends on what your costs are.

Once you have defined your target market, interview a number of people who represent the target market. Discuss your business idea with them. Ask if they would purchase your product or service. If they indicate they would purchase from you, ask how frequently they would purchase from you and how much would they spend per visit. You may want to revise your estimates of the target market size if your frequency and dollar guesstimates differ significantly from the responses of your interviewees. Be sure to find out what features and benefits your interviewees want. Get a feeling for the appropriate price range. Ask how you should promote your business. Finally, ask who your competitors are, and what are their strengths and weaknesses.

HOW DO YOU CONDUCT A COMPETITIVE ANALYSIS?

To determine what percentage of the target market you can capture, you need to have a thorough knowledge of your competitors. With this knowledge, you will be able to identify your own competitive advantages. To gain an understanding of your competitors, gather all the printed material you can about their businesses. This may include brochures, advertisements, and newspaper articles. If possible, visit your competitors' businesses and evaluate their products or services. What can you do better than your competitors? What do they do best? Do you need to modify your product or service? Remember, its not good enough to be just as good as you competitors—**you must be better than your competitors**.

HOW DO YOU DO A SWOT ANALYSIS?

Now, you are ready to do a **SWOT** analysis. SWOT stands for *strengths, weaknesses, opportunities, threats*. The strengths and weaknesses refer to the business' strengths and weaknesses. The opportunities and threats refer to conditions in the business environment. A **window of opportunity** refers to a limited period of time in which an opportunity in the business environment exists that may be met by a business strength.

Let's consider Joe Murphy's new business. Joe wants to open a dry cleaning service near a new subdivision in Hometown. He has worked at a dry cleaning facility for seven years and knows the ropes. Unfortunately, he has never managed a business, however, he has studied business management in school.

When studying his community, he found that many of the residents of this subdivision were dual career families. Usually, both the husband and wife work at professional white-collar jobs. Family income is relatively high, but time is limited. Currently, there are no dry cleaning facilities within 5 miles of this new subdivision.

Joe has big plans for his new business. He plans to promote a special dry cleaning service of "in by 9 a.m.; out by 4 p.m." Joe wants to locate in a relatively inexpensive

space in a strip mall. This mall is just off the freeway and two miles from the subdivision. He is worried that if he doesn't move fast, a competitive dry cleaning company will move in on his target market.

Joe's SWOT analysis is displayed in Figure 1.

	POSITIVE	NEGATIVE
INTERNAL	Seven years of experience in dry cleaning Management courses in school "in by 9 a.m.; out by 4 p.m."	No management experience
	STRENGTHS	**WEAKNESSES**
	OPPORTUNITIES	**THREATS**
EXTERNAL	Dual career families, high family income, time limited No dry cleaning facilities within 5 miles Available space in convenient strip mall	Competitors may enter market

Figure 1. Sample SWOT Analysis

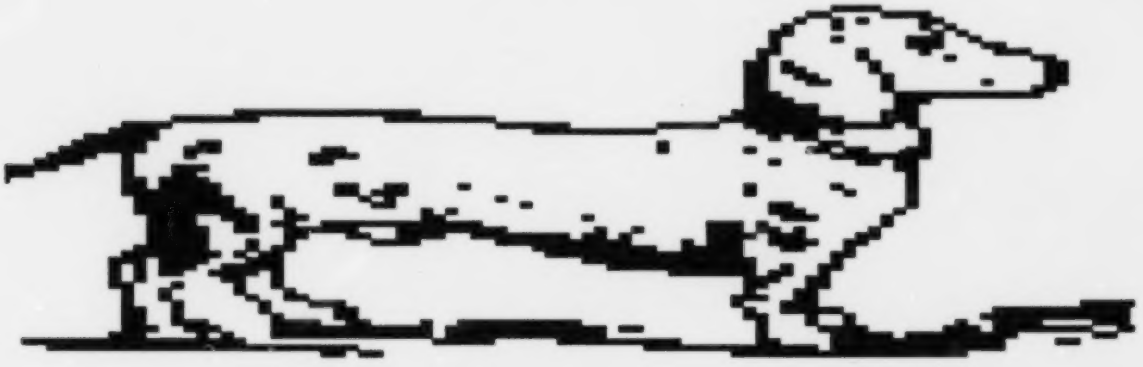
HOW CAN YOU USE CREATIVE THINKING TO GENERATE NEW BUSINESS IDEAS?

Creativity is a mind set. We all have the potential to be creative, but not all of us know how to use our creativity. Creative thinking is a choice we make in the way we think about our lives and the opportunities around us.

Creative thinkers spend time identifying questions or problems and then searching for answers. They are open to new information and new ideas. The creative process requires some time for incubation. During this incubation period the subconscious mind searches for an answer. Then, almost unexpectedly the solution becomes clear.

The last stage of the creative process involves evaluating the feasibility of the solution. It often takes a number of tries to arrive at the right creative solution. Thomas Edison failed 2,000 times before successfully creating the light bulb. His comment on the 2,000 failures was that they were not

failures, just 2,000 ways that electricity could not be developed. Persistence is definitely a part of developing a new product or service opportunity.



HOW CAN YOU STRETCH YOUR CREATIVE IMAGINATION?

The more you use your creativity, the more creative you will become. Here are some ideas to help you stretch your creativity.

Start by expecting to be creative. Set a creativity quota. Thomas Edison's personal invention quota was a minor invention every 10 days, a major invention every 6 months. Could you suggest a minor service or product improvement every week? How about an entirely new business idea every 3 months? Set creativity goals for yourself. Write down your ideas as they occur to you. Check every month to see if you have met your idea quota.

If you want to come up with a new business idea, try the following random word technique.

1. Close your eyes and flip through the pages of a dictionary at random. Point to a word on the page and open your eyes. Do not allow yourself to choose more than one word per day, or you might not maximize the business potential of each word.

2. Free associate with your chosen word. Supposing your chosen word was *condiment.* You might free associate ketchup, mustard, relish. Add to something. Add to what? Hot dogs? Hamburgers? Ice cream? Candy and ice cream? Cookies and ice cream?

3. Now, force the connection between your chosen word and your challenge to find a new business idea. Ask yourself, "In what ways could I create a new business idea from this free association?" Your answer might be, "How about selling a prepackaged set of ice cream condiments in the grocery store?" Consider a dispenser containing not just chocolate syrup, but crushed cookies, nuts, candies, and so on.

Pizza Shop

Flower Shop

Beauty Salon

Barber Shop

Deli

Gift Shop

4. List your ideas. You may come up with several different business ideas.

5. At a later date, review your business ideas and screen them. Do not screen your ideas immediately! If you screen your ideas immediately, you may limit your creative potential.

Here is another approach to generating a creative idea. First, choose a product, service or business of interest. Next, make a list of all of the important properties of that product, service, or business. Now, take each attribute of the product or service to be studied and change it in as many ways as possible. Don't be afraid to be a little wild. Finally, look for a likely new combination of these properties.

For example, if you wish to study a pizza restaurant, you might identify the following business attributes: pizza, drinks, chairs, tables, music, decor, and servers. Under the attribute of pizza, you might consider making them square or spherical, changing the tomato sauce to chocolate sauce and adding candy or fruit. Or, consider replacing the waiters and waitresses with robots, then put a robot at every table. You might end up with something like a triangular pizza, with fruit and vegetable toppings, served in a space ship decor by robots.

A successful new business idea starts with your creative imagination and market demand for a new product or service. It must be built around your own skills and abilities. The idea is then filled in with numerous detailed business decisions.

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ACTIVITIES

The following activities are designed to help you apply what you have learned in this unit.

INDIVIDUAL ACTIVITIES

A.

Make a list of innovative products and/or services that have been introduced in the last 5 years:

Example:

- Flavored water
- Telephone wake-up services on college campuses
- Air-bags for cars

B.

Randomly pick a word from the dictionary and free associate from that word. Then, generate a new business idea from your free associations.

GROUP ACTIVITIES

A.

Form small teams. Each team should research one of the areas of interest in the community, such as population demographics, employment, real estate, transportation, and leisure. Groups should present their findings to the class.

B.

Each small group should select an existing business it wishes to study. Team members should identify the major attributes of the business. Then, in a small group brainstorming session, all possible modifications for each of these business attributes should be identified.

Record the group discussion as follows. Divide a piece of paper into columns. Head each column with one of the attributes to be studied. Then, record possible modifications underneath this heading. Now combine these suggested modifications to create a new business.

Small groups should elect a representative to report back to the class.

C.

As a small group or entire class activity, develop a SWOT analysis about a new business in your town. Use the form on the next page.

STRENGTHS	WEAKNESSES
OPPORTUNITIES	**THREATS**

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CASE STUDY

John Alexander loves computers. He is a whiz at programming personal computers and understands the strengths and weaknesses of different software packages. John has worked in the high school computer lab for about 2 years. The computer lab instructor admits that John is better at fixing the computers than he is.

On Saturdays, John works at one of the three computer stores in his community. He makes $6.00 an hour setting up and maintaining personal computer demonstrations. He likes working with the computers and the customers. However, he does not want to work as a salesperson.

Next year John plans to go to State University and major in computer science. State University is located about 10 miles from his home town. In order to pay his tuition and expenses, John needs a good part-time job. Since he must work around his class schedule, the hours must be flexible. He wants to work 15-20 hours a week and make a minimum of $10 an hour.

DISCUSSION QUESTIONS

1. Can you think of any business opportunities for John?

2. What does John need to know about his community before starting his new business?

3. Who would be John's target market? Are there several different target markets John might serve? What competitive advantages could John's business have?

ASSESSMENT

Read the following questions to check your knowledge of the topics presented in this unit. When you feel prepared, ask your instructor to assess your competency on them.

1. Give an example of how market trends create business opportunities.

2. Identify some of the key questions you would like to answer to know more about your community in the following areas: population demographics, employment, real estate, transportation, and leisure.

3. Define target market and competitive advantage. Give examples.

4. What are the advantages and disadvantages of the following forms of business ownership: sole proprietor, partnership, limited partnership, incorporation, S-corporation?

5. How do you conduct a customer and competitive analysis?

6. What does SWOT mean?

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PACE

Unit 1. Your Potential as An Entrepreneur
Unit 2. The Nature of the Small Business
⇨ Unit 3. Business Opportunities
Unit 4. Global Markets
Unit 5. The Business Plan
Unit 6. Help for the Entrepreneur
Unit 7. Types of Ownership
Unit 8. Marketing Analysis
Unit 9. Location
Unit 10. Pricing Strategy
Unit 11. Financing the Business
Unit 12. Legal Issues
Unit 13. Business Management
Unit 14. Human Resources
Unit 15. Promotion
Unit 16. Selling
Unit 17. Record Keeping
Unit 18. Financial Analysis
Unit 19. Customer Credit
Unit 20. Risk Management
Unit 21. Operations
Resource Guide
Instructor's Guide

Units on the above entrepreneurship topics are available at the following levels:

* Level 1 helps you understand the creation and operation of a business
* Level 2 prepares you to plan for a business in your future
* Level 3 guides you in starting and managing your own business